

EXHIBIT 32

REDACTED

DRX 2.0 Quality

Written by [REDACTED]

[go/drx-2.0-quality](#)

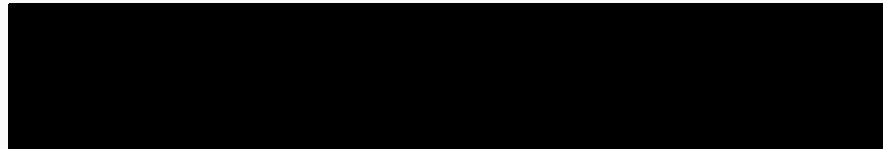
Last updated April 17, 2017

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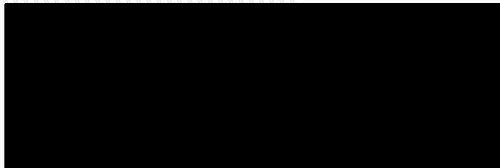
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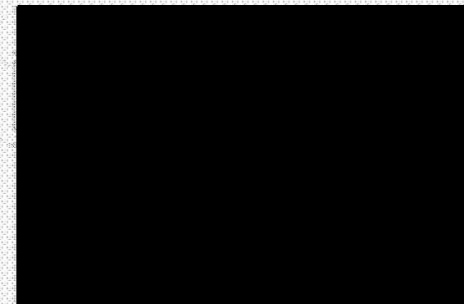


[Overview](#)



Current Buyside / Sellside Dependencies

The buyside quality team (gTrade) and the sellside quality team (DRX Quality) collaborate closely on launches. While we ensure equitable treatment between Google and third party demand, over time the specific optimizations applied to Google demand and third-party demand



have diverged (we apply the same principles but sometimes through different mechanisms). Some of the most notable divergences include:

- Adwords submits multiple bids to AdX and allows the second to price the first
 - Adwords boosts top bids and reduces second bids to increase AdX match rate while averaging [REDACTED] buyside margin (Bernanke)
- Reserve price optimization (RPO) is applied to DBM and AdX RTB but not Adwords
 - AdX RTB buyers can exempt themselves from RPO by self second pricing
- Sellside dynamic revenue share (DRS) is applied to AdX RTB but not Adwords or DBM

The coverage of these four optimizations are summarized below:

	Adwords	DBM	AdX RTB
Self second price		X	Can choose self second price or RPO
Bernanke		X	X
RPO	X		Can choose self second price or RPO
DRS	X	X	

Options for Buyside / Sellside Decoupling

DRS

Google buyside’s main objection to the current implementation of DRS is that it isn’t transparent. Adwords and DBM define an auction as transparent if the buyer who wins the auction is able to simulate for all possible bids whether it would have won the query and what price it would have paid. Adwords and DBM are constantly trying to improve their bidding algorithms, and a transparent auction allows them to backtest new optimizations.

Ideally, Adwords and DBM want the auction to be more than transparent; they also want the auction to be truthful. Truthfulness means that the price P that a buyer is charged is the minimum amount the buyer needed to bid to win the auction. If the buyer wins the auction for price P then repeating the auction for all bids >= P the buyer would win and pay P, and for all bids < P the buyer would lose.

In response to Google buyside’s objections, we are developing [REDACTED] high level overview and this design doc.

Once we launch [REDACTED] we plan to apply the optimization to Adwords, DBM, and AdX RTB. We plan to launch [REDACTED] in Q4 of 2017.

Optimized Pricing

Optimized pricing is the externally facing name for the collective optimizations of RPO on AdX RTB and DBM and self second price for Adwords. In communications with publishers, we state, "Optimized pricing in the Open Auction automates the post-auction analysis and floor price updates that publishers are already doing and takes it a step further." Optimized pricing is defined broadly enough to include both RPO and Adwords self second pricing.

Adwords' stance has been that it is open to having RPO applied if it no longer has to submit a second bid (which would also eliminate Bernanke). While we've discussed making this tradeoff, in practice, we anticipate [REDACTED]

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